

Title 47 §54.313(a) (1) Progress Report Due: July 1, 2015

Company Name: **H&B Communications, Inc.**

Company Headquarters: **Holyrood, Kansas**

Pursuant to FCC USF/ICC Transformation Order, rate of return carriers were required to file five year plans consistent with Title 47 Section 54.202(a)(1)(ii) in 2014 and are required to file annual progress reports thereafter consistent with Title 47 Section 54.313(a)(1). The H&B Communication's service areas are the exchanges of Bushton, Dorrance, and Holyrood, which are all located in central Kansas.

Narrative

The annual progress reports should include (1) maps detailing progress towards meeting plan targets, (2) an explanation of how much universal service support was received and (3) how it was used to improve service quality, coverage, or capacity, and (4) an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year. For progress report submitted in 2015, the requirement regarding any targets not fulfilled in the prior calendar year is waived as 2014 was not included in the five year plan. Detailed maps are included as progress towards plan goals was made to date in 2015.

Maps

Detailed maps are included as progress towards plan goals was made to date in 2015.

Universal Service Support Received

For January through June 2015, H&B Communications estimates that it will receive \$_____ of High Cost Program universal support funds from USAC.

- The estimated amount spent on Capital Expenses is: \$_____.
- The estimated amount spent on Operating Expenses is: \$_____.

How Universal Service Support Was Used to Improve Service Quality, Coverage, or Capacity

As Universal Service Funds are allocated dependent on past plant investment, the primary planned use of such funds is cost of money, capital recovery, income and property tax payments, and maintenance in support of this previously constructed plant.

This past investment included FTTP build out in the town and rural portions of the Holyrood and Bushton exchanges and FTTP deployment in the rural portion of the Dorrance exchange with VDSL deployment in the town of Dorrance. These past investments allow H&B to provide broadband service to **100%** of the area and population in the three H&B exchanges.

These projects improved service quality by replacing the aging copper cable with fiber optic cable. There are fewer issues with the cable thereby reducing maintenance cost and improving end user experience.

These projects improved service coverage by extending higher broadband speeds to more end users regardless of their distance from the central office. Rural end users now have access to same broadband speeds as the end users in town.

These projects improved service capacity by providing to all end users within the Bushton, Dorrance and Holyrood access to broadband speeds much greater than the mandated 4/1 Mbps speeds.

In addition to past investments in broadband plant, H&B Communications also has completed and is in progress of completing the following specific improvements or upgrades to date in calendar year 2015 pursuant to the previously filed 5-year plan:

- **Completed:** Replaced/upgraded EOL (End of Life) equipment in two exchanges that impacted the rural portions of the Bushton and Holyrood exchanges. *(Item#6 in Plan)*
- **In Progress:** Replacing/upgrading EOL (End of Life) equipment in the rural portions of the Dorrance exchange. *(Item#6 in Plan)*

These projects improved or will improve the service quality by replacing the EOL FTTP access equipment in Bushton and Holyrood that served the rural portion of these exchanges. H&B is now using equipment that is supported from both hardware and software perspectives. If H&B experiences any hardware or software issues, they'll now be able to resolve those issues by contacting the vendor's TAC (Technical Assistance Center). This will result in less downtime thereby providing a better end user (customer) experience.

These projects will not improve the service coverage. The area covered by the service will remain the same.

These projects will improve the service capacity by replacing the EOL FTTP access equipment in Bushton and Holyrood that served the rural portion of these exchanges. H&B is now using FTTP access equipment that has higher speed capabilities. The EOL FTTP access equipment had a maximum of 1.2 Gbps downstream and 622 Mbps upstream, whereas the new FTTP access equipment has a maximum of 2.488 Gbps downstream and 1.244 Gbps upstream.

H&B Communications is also in the process of completing the following specific improvements or upgrades to date in calendar year 2015 pursuant to the previously filed 5-year plan:

- **In Progress:** Building FTTP in the town of Dorrance to provide the same level of capabilities and services as in the rest of H&B's service areas. The Dorrance FTTP project will consist of approximately 3.5 miles of mainline plant construction, approximately 3.0 miles of subscriber drop construction and the necessary FTTP electronics to provide the improved services. *(Item#1 in Plan)*

The Dorrance Town FTTP project will improve the service quality by replacing the aging copper cable with fiber optic cable so there will be fewer issues with the cable thereby reducing maintenance cost and improving end user experience.

The Dorrance Town FTTP project will improve the service coverage by extending higher broadband speeds to more end users regardless of their distance from the central office. Rural end users now have access to same broadband speeds as the end users in town.

The Dorrance Town FTTP project will improve the service capacity by providing to all end users within the town of Dorrance, access to broadband speeds much greater than the mandated 4/1 Mbps speeds.

The estimated amount of \$_____ of support for January through June, 2015 was used to improve service quality and capacity. Additionally, this amount helped fund prior capital investments made by H&B to provide Broadband service coverage to 100% of the population in the 3 H&B exchanges.

Explanation Regarding Any Network Improvement Targets Not Fulfilled in the Prior Calendar Year

As noted above, this requirement is waived in this 2015 progress report as the prior calendar year, 2014, was not included in the 5-year plan and therefore had no associated network improvement targets.

QUALITY OF SERVICE & CUSTOMER PROTECTION PROCESSES

H & B COMMUNICATIONS, INCORPORATED

CUSTOMER SERVICE

- A. Available Customer Service Representatives to Answer Phones – All calls received by H&B during business hours are answered internally, 90% of them within 15 seconds (by the third ring). When the assigned customer representatives are unable to answer calls by the third ring, an additional representative is taken from other tasks and asked to help answer phones. It is not uncommon for the Office Manager to also step in and answer phones when necessary, specifically during lunch times. A phone system with the option to ring multiple lines at once is used so that multiple representatives can answer phones as required.
- B. Provide After Hours Emergency Customer Service – Where 80% of calls are answered within 60 seconds. Call logs are reviewed daily by personnel and the overall answer rate is considered. Notifications of less than an 80% answer rate are sent to department Managers to review and address. Customer service representatives have been given a list of questions by H&B to ask to assist them in resolving the issue. Issues unresolved are entered into H&B's service order system and are reviewed the following work day. Issues requiring immediate attention are sent to the H&B service technician on call, who works to resolve the matter as quickly as possible. If that technician is unable to resolve the problem, a second level technician is brought in. The after-hours customer service is run by an outside contractor who uses specially designed software to assist in meeting the target objective.
- C. Provide a 24/7 Hour Internet Help Desk Service – Where 80% of calls are answered within 60 seconds and 85% of calls are resolved on the phone. Call logs are reviewed daily by personnel and the overall answer and resolution rate are considered. Notifications of less than an 80% answer rate or an 85% resolution rate are sent to department Managers to review and address. The Internet help desk is run by an outside contractor who uses specially designed software to assist in meeting the target objective. They also utilize an internal trouble ticket system.
- D. Offer Online Bill Payments – Payments made online are posted to the customer accounts and are viewable on the online customer account summaries within 24 hours. Through a contracted provider, payment reports are printed every night at midnight and sent to another contracted provider to be posted to the company's billing system. Problems at either step of that process are reported to the Office Supervisor, but are handled by the contracted providers who work to resolve the technical errors as quickly as possible.
- E. Periodic Customer Satisfaction Surveys to All Current Subscribers – Asking the question, "Please rate the customer service of H&B in the following areas: Phone, Office, Service Technicians, Customer Support, Overall." Customers will be given the opportunity to rate the company on a scale of 1 to 5; 1 being excellent. It is the goal of H&B to obtain a 1 or 2 (Excellent or Good) on 90% of returned surveys. Surveys are written internally, but contractors are used to calculate the results. Results are returned to the Marketing Manager who will call customers that gave the company a poor rating to determine what could be done differently to serve them better if 90% are not Excellent or Good.
- F. Give Customers Cut-off Warnings & Provide Bill Arrangement Opportunities – 100% of customers are given two months of missed payments before being cut off. Notification of the payment due date and the cut-off date are prominently displayed on customer bills as well as of the opportunity to make a bill payment arrangement to avoid being cut-off. Additionally, customers who have not been cut

off within the last few months will receive a call from a customer service representative to remind them of the late payment. If a customer complains that notice was not given, they are directed to speak with the Office Manager who will work to resolve the matter and prevent it from occurring again. Account balance reports are printed monthly internally using the company's billing system.

ORDER FULFILLMENT

- A. Ensure That All New Service Installation Orders Are Fulfilled When the Customer Requires Them – Make contact with all customers within 48 hours regarding scheduling the new service installation. If outside plant is already in place, fill the order at the customers' earliest convenience; if outside plant is in not in place, fill the order as soon as the weather permits. If the 48-hour timeline is not met, the Plant Manager will step in to lend assistance. There are several systems in place to help H&B handle this objective internally: an electronic work order system for handoff of service requests from the front to the back office, several systems for the provisioning of services, and daily team meetings to review outstanding service requests.
- B. Minimize Customer Downtime for Services & Make Requested Changes Promptly – Contact customers regarding all service requests the same day, resolving 95% of the issues within 48 hours. The other 5% of issues will be resolved contingent on the technician/customer coordination of access to the premises. Should service technicians not be able to meet 48-hour timeline, Plant Manager and Systems Engineer will be informed and will perform services as needed. H&B has several systems and tools in place to handle service changes/requests internally: an electronic work order system for handoff of service requests from the front to the back office, several systems for the provisioning of services, daily team meetings to review outstanding service requests, and regular cell phone communication between the service technicians and the Plant Manager.

CAPACITY PLANNING

- A. Have CO Equipment, Outside Plant Equipment, and A Network Backbone Capable of Meeting our Current & Forecasted Customer Needs – Multiple constraints and triggers are applicable due to the multiple services offered:
- Maintain a less than 90% fill rate on the FTTH equipment at each of H&B's sites. If the fill rates pass 90%, additional GPON cards will be added one at a time to increase capacity by 25% each. The Calix Management System assists H&B in monitoring the fill rates internally on a monthly basis.
 - Sustain a less than 90% usage of total line capacity on the softswitch. If usage passes 90%, new equipment will need to be purchased. Usage rates are analyzed monthly internally by H&B using reports automatically generated by the switch.
 - Keep data, video, and voice traffic below 80% of total capacity on the BTI 10Gb ring. H&B currently has <1% of the ring allocated to voice traffic, 10% allocated to video services, and 2% allocated to data. If total data traffic reaches 80%, H&B will allocate an additional wavelength of capacity on the ring. H&B will monitor traffic internally on a monthly basis with network monitoring software for data and by keeping inventory of T1 usage for voice.
 - H&B's contract with its ISP, KFN, allows for usage up to the purchased bandwidth of 500 Mb. Additional internet access bandwidth will be purchased when peak usage is consistently at 90% of the purchased bandwidth. H&B's access to the ISP is provided by a GigE connection which allows for significant growth beyond our current usage. Should we exceed the capacity of the GigE connection, additional ports are available to add additional GigE connections. Using network monitoring software H&B will monitor this usage monthly internally.
 - All fiber plant has been designed with only a 70% fill rate to allow for new customer premises and has been designed with all splitters located such that there is a home run fiber from all

premises to an equipment location allowing for potential growth in per home bandwidth requirements.

NETWORK MANAGEMENT

- A. Proactively Monitor All Service Equipment So That H&B Is Aware of Major Service Outages In A Timely Manner – Service technicians will be made aware of outages affecting five or more customers within an hour. If these constraints are not met, the Plant Manager will investigate where the monitoring, reporting, and alarming system has broken down to resolve it as quickly as possible and take action to ensure the same error is not repeated. It is the goal of H&B to resolve major outages in four hours or less. If an outage has not been resolved within four hours, technicians will begin utilizing all resources, both from within and from without. H&B maintains technical support contracts with all of its major vendors. In addition, affected customers will be contacted to ensure them that the problem is being actively investigated. H&B provides internal oversight of its network management tools. These tools include:
- Calix Management System for monitoring, managing, and sending alarms related to customer premise and CO equipment.
 - NetGuardian for collecting and forwarding alarms as well as polling network equipment and sending alarms should the equipment stop responding.
 - MikroTik Network Monitoring Software for polling network equipment and archiving responses and alarming as well as providing performance graphs where data is available from the network.
 - Cacti logs usage and performance data on a continual basis from all network elements and provides long term graphs of network usage and bandwidth for IP services.
 - PRTG is comparable to Cacti, but is used by H&B on an on-demand basis for specific troubleshooting and also provides graphing capability for network usage and bandwidth.
 - All alarms associated with these tools are forwarded 24x7 to on-call technicians via a paging system.
 - Technicians establish and accomplish yearly training goals to be better equipped for managing all services.

CUSTOMER PRIVACY

- A. Company Confidential Information Policy – H&B has a company policy in place that holds employees accountable for a breach of confidentiality concerning customer data and company information. The policy states: “You are reminded that revealing any type of confidential information to unauthorized persons or tampering with or altering company records and/or property is a violation of trust that can result in disciplinary action up to and including discharge.”
- B. Company CPNI Policy – H&B also has a customer proprietary network information (CPNI) policy in place that ensures employee compliance with the FCC’s CPNI guidelines. Outlined within the policy is a detailed description of CPNI as well as both acceptable and unacceptable CPNI practices. Employees are required to sign waivers stating they understand and agree to comply with the policy and acknowledge that “failure to protect this information result in disciplinary action up to and including discharge for the responsible employee.” As a part of this policy, H&B has designated a Compliance Officer responsible for training employees, monitoring CPNI related activities, and reporting breaches.

EMERGENCY SITUATION FUNCTIONALITY

H & B COMMUNICATIONS, INCORPORATED

AVAILABILITY OF BACK-UP POWER

H&B has one central office and two tandem office locations within its service area. Each of these locations is equipped with a back-up generator capable of providing power to the equipment within that office in the event of an external power source outage. During extended power outages, company employees refill the gas tanks and check the oil on each generator at specified intervals. After each power outage, generators are inspected, gas tanks are filled, and oil is replaced as necessary. These generators are also professionally serviced bi-annually to ensure functionality.

In addition, H&B has installed back-up batteries on the customer premise equipment. Multiple back-up batteries have been installed at home of those with special needs. Spare batteries are kept at H&B's main office for replacement of batteries at customer homes in the event of a prolonged power outage.

H&B also utilizes its copper plant to provide central office based power to some customer premise equipment.

TRAFFIC ROUTING

Voice traffic between the central office switch and both remote switches is carried across a SONET ring allowing continued service if one route is interrupted. Voice traffic between the central office switch and the upstream tandem is also provisioned across a SONET ring. A links are provisioned on diverse routes to diverse STPs.

MANAGING TRAFFIC SPIKES

H&B's careful capacity planning has put multiple constraints and triggers in place on its central office equipment, outside plant equipment, and network backbone that will provide the company with the capability of handling traffic spikes during emergency situations. These constraints and triggers are as follows:

- Maintain a less than 90% fill rate on the FTTH equipment at each of H&B's sites. If the fill rates pass 90%, additional GPON cards will be added one at a time to increase capacity by 25% each. The Calix Management System assists H&B in monitoring the fill rates internally on a monthly basis.
- Sustain a less than 90% usage of total line capacity on the softswitch. If usage passes 90%, new equipment will need to be purchased. Usage rates are analyzed monthly internally by H&B using reports automatically generated by the switch.
- Keep data, video, and voice traffic below 80% of total capacity on the BTI 10Gb ring. H&B currently has <1% of the ring allocated to voice traffic, 10% allocated to video services, and 2% allocated to data. If total data traffic reaches 80%, H&B will allocate an additional wavelength of capacity on the ring. H&B will monitor traffic internally on a monthly basis with network monitoring software for data and by keeping inventory of T1 usage for voice.

- H&B's contract with its ISP allows for usage up to the purchased bandwidth of 500 Mb. Additional internet access bandwidth will be purchased when peak usage is consistently at 90% of the purchased bandwidth. H&B's access to the ISP is provided by a GigE connection which allows for significant growth beyond our current usage. Should we exceed the capacity of the GigE connection, additional ports are available to add additional GigE connections. Using network monitoring software H&B will monitor this usage monthly internally.
- All fiber plant has been designed with only a 70% fill rate to allow for new customer premises and has been designed with all splitters located such that there is a home run fiber from all premises to an equipment location allowing for potential growth in per home bandwidth requirements.

VOICE SERVICES RATE COMPARABILITY H & B COMMUNICATIONS, INCORPORATED

NATIONAL AVERAGE URBAN RATE

According to the 2015 Urban Rate Survey conducted by the FCC Wireline Competition Bureau, the weighted average unlimited local rate is \$21.22.¹

H&B UNLIMITED LOCAL RATE

H&B's current unlimited local residential rate, as published in its local access tariff, is \$17.00. In addition to the local rate, residents are charged a \$1.56 State Universal Service fee. These charges together equal \$18.56.

RATE REQUIREMENT

Per 47 C.F.R. § 54.313(a)(10), H&B's pricing can be no more than two standard deviations above the applicable national average urban rate for voice services as published annually by the Wireline Competition Bureau. H&B's current local rate of \$18.56 is below the 2015 national average rate of \$21.22, which means it meets the above mentioned requirement.

¹ <http://www.fcc.gov/document/urban-rate-public-notice>

KANSAS LIFELINE PROGRAM

*Save up to
\$17.02 off your
telephone bill!*

You may be eligible to receive up to **\$17.02 off** your monthly local telephone bill through the *Lifeline Program*.

You are eligible if you receive any of the following:

Supplemental Nutrition Assistance Program, General Assistance, Bureau of Indian Affairs General Assistance, Temporary Assistance for Needy Families, Tribally Administered Temporary Assistance for Needy Families, Medicaid, Supplemental Security Income (SSI), Head Start (tribal programs for only those meeting its income qualifying standard), Free School Lunch Program, Tribally Administered Free School Lunch Program, Food Distribution Program, Low Income Energy Assistance Program (LIEAP), Section 8 Public Housing Assistance, Food Distribution Program on Tribal Lands, or 150% of the federal poverty level*. A consumer must provide **THREE CONSECUTIVE MONTHS** of statements as documentation of income, or provide a copy of his or her tax return for the previous year.

For more information about *Kansas Lifeline*, call your **local** telephone company. The number is on your telephone bill or in the front part of the telephone directory.

***2015 Kansas Poverty Level Guidelines**

Number In Household	Maximum Annual Income
1	\$17,655
2	\$23,895
3	\$30,135
4	\$36,375
5	\$42,615
6	\$48,855
7	\$55,095
8	\$61,335
Each additional person in household	\$ 6,240

The Kansas Lifeline program is 150% of the 2015 federal poverty level.



Kansas Lifeline Program

Voice Service Packages

If a customer is eligible for Lifeline services according to the Kansas Lifeline Program guidelines on the previous page, local service and long distance packages are available at the monthly prices listed below (according to service area):

Bushton, Dorrance, & Holyrood ~

Basic Local Service.....	\$ 10.09
Long Distance (No Toll Package)	12.9¢/minute
40 Minutes Toll (Additional Charge)	\$ 2.76
100 Minutes Toll (Additional Charge)	\$ 6.90
200 Minutes Toll (Additional Charge)	\$ 13.80
350 Minutes Toll (Additional Charge)	\$ 24.15
500 Minutes Toll (Additional Charge).....	\$ 34.50
500+ Minute Toll Package	6.9¢/minute

Ellinwood Rural & Claflin ~

Basic Local Service (Ported Number)	\$ 2.53
Basic Local Service (Non-porting Number)	\$ 0.53
Toll Packages.....	Same as Above

Ellinwood City (FTTH) ~

Basic Local Service (Ported Number)	\$ 3.97
Basic Local Service (Non-porting Number)	\$ 1.97
Toll Packages.....	Same as Above

Ellinwood City (Resale) ~

Basic Local Service (Includes 20 Minutes Toll)	\$ 8.60
200 Minutes Toll (Additional Charge)	\$ 12.85
500 Minutes Toll (Additional Charge)	\$ 22.85

For questions on eligibility, or to sign up for Lifeline Voice Services in these service areas, please contact H&B Communications/H&B Cable Service at (800) 432-8296.

USDA-RUS		This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER NAME	
		H & B Communications, Incorporated	
		(Prepared with Audited Data)	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2014	BORROWER DESIGNATION KS0585
CERTIFICATION			
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.			
ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.			
DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)			
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.			
<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report			
Donald Nash		3/30/2015	
		DATE	

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = % of Total Assets

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

KS0585

PERIOD ENDING

December, 2014

INSTRUCTIONS- See RUS Bulletin 1744-2

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS INSTRUCTIONS - See RUS Bulletin 1744-2						BORROWER DESIGNATION KS0585 PERIOD ENDED December, 2014	
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Holyrood							
Bushton							
Dorrance							
MobileWireless					0		
Route Mileage Outside Exchange Area							
Total							
No. Exchanges	3						

Redacted

December, 2014

USDA-RUS			BORROWER DESIGNATION		
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			KS0585		
			PERIOD ENDING December, 2014		
INSTRUCTIONS- See RUS Bulletin 1744-2					
PART D. SYSTEM DATA					
1. No. Plant Employees		2. No. Other Employees		3. Square Miles Served	
				4. Access Lines per Square Mile	
				5. Subscribers per Route Mile	
PART E. TOLL DATA					
1. Study Area ID Code(s)		2. Types of Toll Settlements (Check one)			
a. 411781		Interstate:		<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
b.		Intrastate:		<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
c.					
d.					
e.					
f.					
g.					
h.					
i.					
j.					
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					
PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(a)	(b)	(c)	(d)	(e)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION KS0585
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PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)	<input checked="checked" type="checkbox"/> YES	<input type="checkbox"/> NO
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EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

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INSTRUCTIONS – See help in the online application.			
PART I – STATEMENT OF CASH FLOWS			
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)			
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income			
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>			
3. Add: Depreciation			
4. Add: Amortization			
5. Other (Explain)			
See Audited Financial Statements			
<i>Changes in Operating Assets and Liabilities</i>			
6. Decrease/(Increase) in Accounts Receivable			
7. Decrease/(Increase) in Materials and Inventory			
8. Decrease/(Increase) in Prepayments and Deferred Charges			
9. Decrease/(Increase) in Other Current Assets			
10. Increase/(Decrease) in Accounts Payable			
11. Increase/(Decrease) in Advance Billings & Payments			
12. Increase/(Decrease) in Other Current Liabilities			
13. Net Cash Provided/(Used) by Operations			
CASH FLOWS FROM FINANCING ACTIVITIES			
14. Decrease/(Increase) in Notes Receivable			
15. Increase/(Decrease) in Notes Payable			
16. Increase/(Decrease) in Customer Deposits			
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)			
18. Increase/(Decrease) in Other Liabilities & Deferred Credits			
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital			
20. Less: Payment of Dividends			
21. Less: Patronage Capital Credits Retired			
22. Other (Explain)			
See Audited Financial Statements			
23. Net Cash Provided/(Used) by Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
24. Net Capital Expenditures (Property, Plant & Equipment)			
25. Other Long-Term Investments			
26. Other Noncurrent Assets & Jurisdictional Differences			
27. Other (Explain)			
See Audited Financial Statements			
28. Net Cash Provided/(Used) by Investing Activities			
29. Net Increase/(Decrease) in Cash			
30. Ending Cash			

Revision Date 2010

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INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

Redacted

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INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

Redacted